Case-forge 2025

"RUPAY–PAY WHERE GROWTH HAPPENS"

~ SUNANALYTZ

MEET THE TEAM

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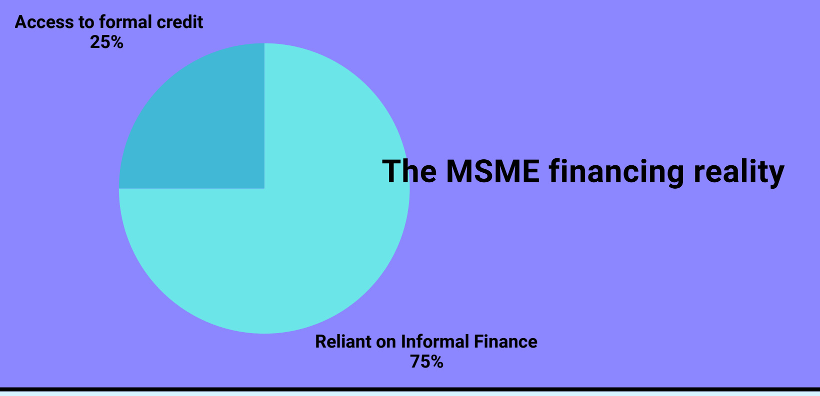
MARKET URGENCY & CONTEXT

Market Size (Fintech TAM proves scale)

- India's fintech industry is valued at $150–156 billion in 2025 and is projected to grow at a 30% CAGR, reaching nearly $990 billion by 2032, meaning the sector adds over $100 billion in value every 2–3 years.
- The Reserve Bank of India has recently cut repo rates by 50 bps and reduced CRR by 100 bps to push credit into MSMEs, showing a deliberate policy thrust to expand formal lending. Monetary easing is not just theoretical—it's structured to de-risk the MSME space, providing fintechs like RupayPay a fertile terrain to scale lending.
- MSMEs already contribute 29% of GDP and employ over 60% of India's workforce, but still receive less than 16% of total bank lending, highlighting how large the opportunity is for fintech to step in.
- The urgency is not just growth in numbers, but a winner-takes-most race: in fast-scaling ecosystems, top three players typically capture 70%+ market share, leaving little room for late entrants.

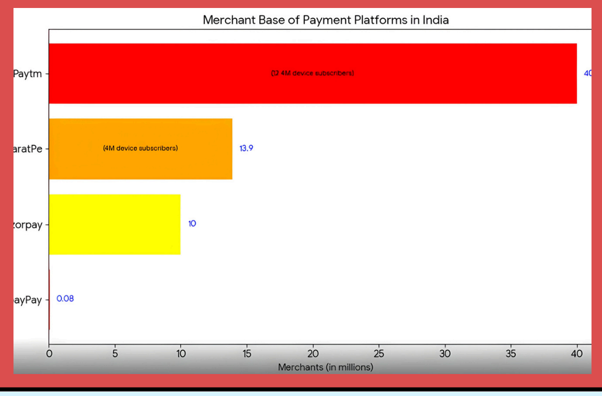
Credit Gap (SME gaps proves demand)

- India's MSME credit gap stands between ₹20–30 lakh crore ($240–360 billion), even as formal credit outstanding to MSMEs crossed ₹35 lakh crore in 2025.
- Only 14% of India's MSMEs access formal credit, trailing far behind China (37%) and the U.S. (50%).
- Consequently, over 75% of MSMEs depend on informal finance; 78% of one NBFC's borrowers were new to formal credit.
- This persistent exclusion shows why data-driven underwriting using GST and transaction data is the only responsible way to bridge this gap.



Competitive Pace (MV proves timing)

- Leading fintechs are already scaling at speed: Paytm serves 40M+ merchants (12.4M device subs), BharatPe has 13.9M merchants registered (4M active), and Razorpay supports over 10M businesses.
- With UPI already processing 19.5 billion transactions worth ₹25 trillion in July 2025 and 90% of MSMEs using digital payments, the real gap is that only 18% access digital loans—showing that the rails are ready, but credit conversion has lagged.
- Once competitors entrench themselves with merchants through subsidies and device lock-ins, customer acquisition costs will rise sharply and fintechs without differentiated credit models will be squeezed out.
- RupayPay's data-first model (means it leverages transaction data (UPI, GST, invoices) that SMEs are already generating every day) meets users where they already are, offering the right loan fit.

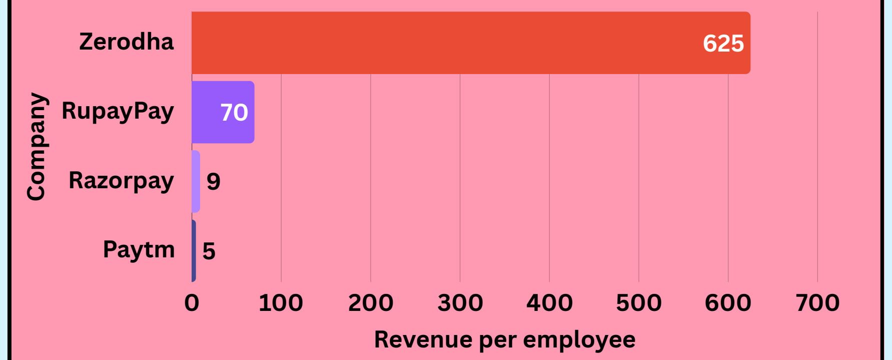


RUPAYPAY'S EDGE — DISCIPLINED SCALE, PROFITABLE GROWTH

- Unlike most fintechs burning cash to chase growth, RupayPay has already proven it can scale responsibly — ₹5,000cr GMV, 12% EBITDA, and NPAs at just 2.1%.

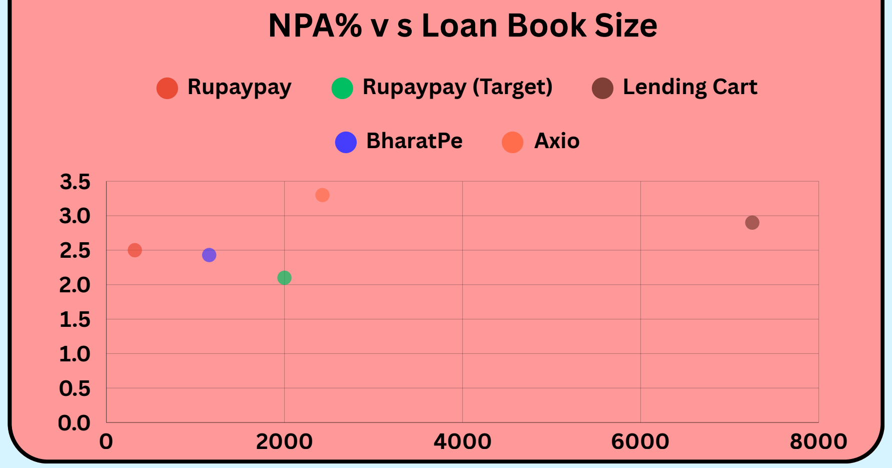
"We do more with less."

- With only 74 employees, RupayPay drives ₹67cr GMV per head — that's 3× the efficiency of much larger peers



- Fintech peers often run 10–20L revenue per employee.

- In lending, 1% NPA = ₹32cr loss at scale. By holding NPAs at 2.1%, RupayPay already saves tens of crores annually — our data-driven underwriting is the moat.



- RupayPay's proven, profitable engine—defined by a 12% EBITDA margin and 3x peer efficiency—is aimed at a massive ₹25 lakh crore MSME credit gap that the RBI is actively de-risking. The rocket fuel isn't to test a model; it's to scale one that already works.
- This is not about 'can RupayPay survive?' — it already has. The question is: with rocket fuel, how far can it go?

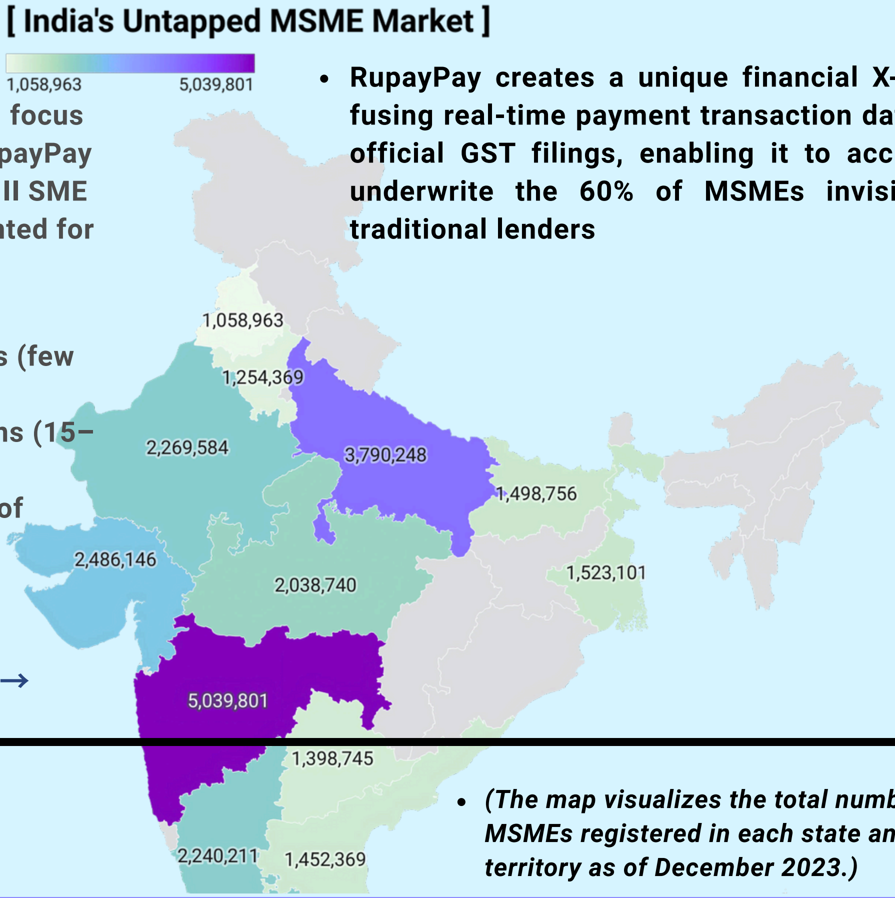
THE VENTURE VIABILITY MATRIX

Scalability Constraints

- Capital Constrained: Our loan book is already 115% over its capital limit. The ₹125 Cr raise is immediately required to support current operations.
- Unsustainable Headcount: Scaling requires a 6x jump in headcount (74 → 465). Our AI-ops model is the only way to grow without bloating our cost base.
- The ₹58 Crore Moat: At scale, letting our disciplined 2.1% NPA drift to the 5% peer average would destroy ₹58 crore in annual profit. Our credit quality is our biggest financial lever.
- Regulatory Gate: Failure to upgrade our systems for the RBI's 2025 mandates is a direct threat to our license and ability to scale.

Niche Identification

"Winning Bharat's Tier II/III SMEs with Data-Driven Lending"



- Big players (Paytm, BharatPe) focus on Tier I urban merchants; RupayPay owns the underserved Tier II/III SME segment, a space too fragmented for large incumbents to focus on.

Why wholesalers?

- They operate at medium GMVs (few lakhs/month).
- Reliant on working capital loans (15–60 days credit cycles).
- Banks avoid them due to lack of collateral/credit history.

- Wholesaler → sells → collects via RupayPay payments → instant credit → reinvests → repeat.

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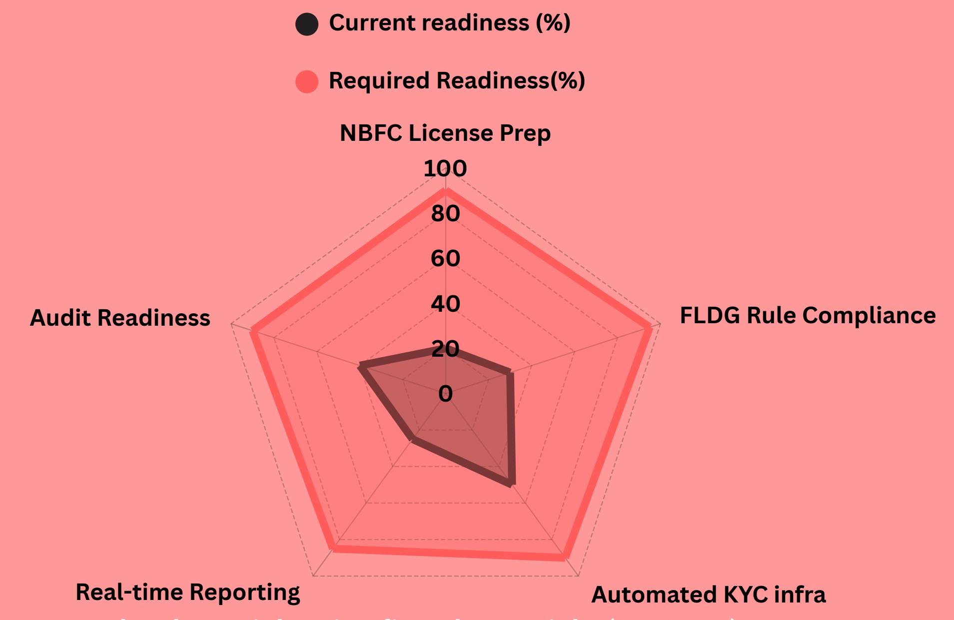
Ensures stickiness.

- RupayPay creates a unique financial X-ray by fusing real-time payment transaction data with official GST filings, enabling it to accurately underwrite the 60% of MSMEs invisible to traditional lenders

- *(The map visualizes the total number of MSMEs registered in each state and union territory as of December 2023.)*

Regulatory readiness

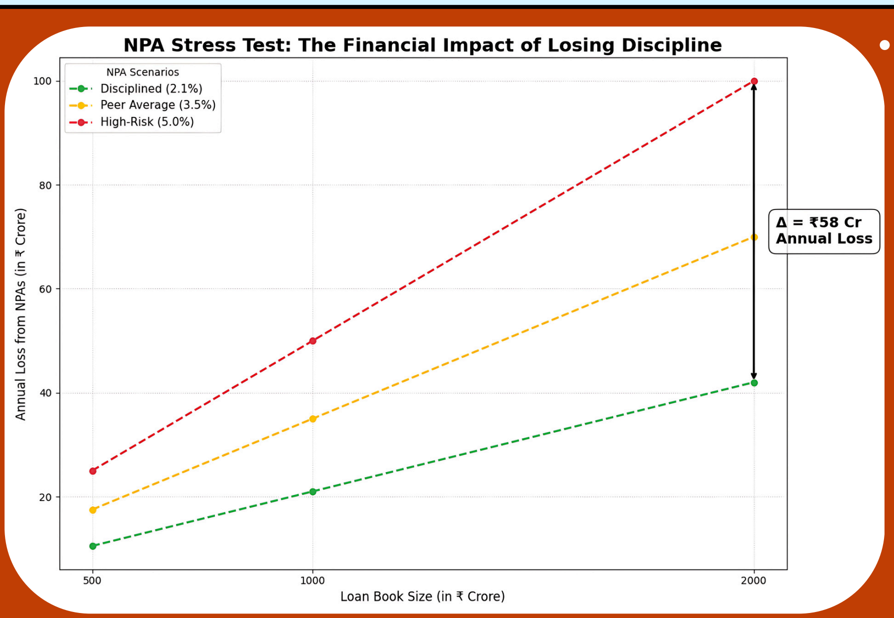
- Today RupayPay is underprepared on KYC automation and NBFC licensing. Without closing this gap, even ₹125cr VC funding cannot be deployed.



RBI has been tightening fintech oversight (2023–25):

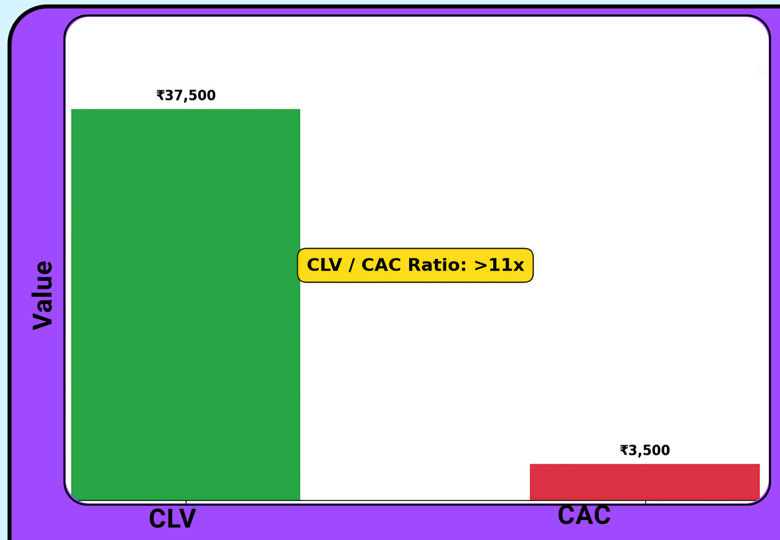
- FLDG norms: NBFCs must absorb first-loss guarantees.
- Monthly reporting: tighter MIS + credit bureau integration.
- KYC & fraud infra: full digital compliance mandatory.
- NBFC licensing: threshold for scale; no license = growth ceiling.

Risk sensitivity



- At ₹2,000cr loan book, every 1% NPA creep costs us ₹20cr. That's the difference between being EBITDA positive or burning cash. By keeping NPAs at 2.1%, RupayPay saves ~₹58cr annually vs peers. Risk control isn't a metric — it's our moat.

Customer stickiness



We serve 80,000 SMEs who trust us to process ₹5,000 crore in payments annually. This deeply integrated ecosystem acts as a proprietary, low-cost acquisition funnel, allowing us to efficiently convert them into high-value borrowers for our ₹320 crore loan book.

- This data implies a highly profitable and sustainable business model, as you generate ₹8-10 in lifetime value for every ₹1 spent acquiring a customer.

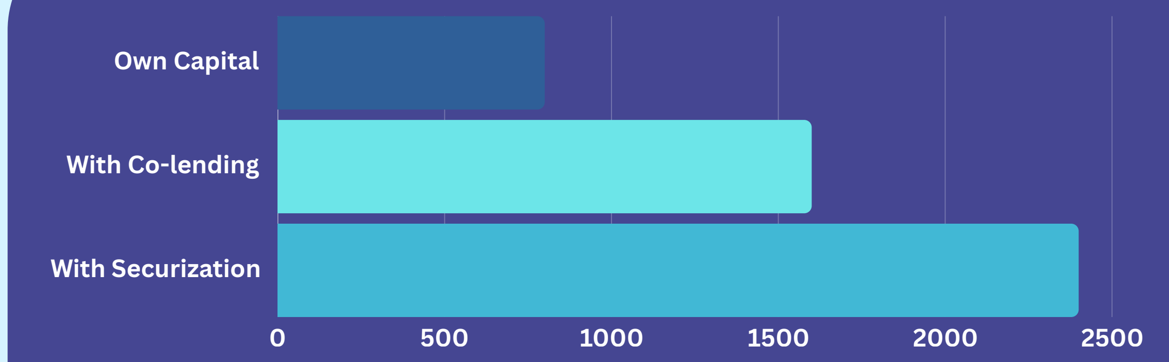
THE TWO PATHS

Risk Area	*Path 1: Accepting VC Funding*	*Path 2: Remaining Bootstrapped*
Operational	Risk of Hyper-Scaling & Chaos	Risk of Stagnation & Irrelevance
Financial	Risk of Dilution & Misaligned Incentives	Risk of Cash Flow Crisis & Missed Opportunity
Cultural	Risk of Losing the Soul of the Company	Risk of Talent Drain & Stifled Innovation
Regulatory	Risk of Intense Scrutiny & Overreach	Risk of Unintentional Non-Compliance & Debt

THE VENTURE VIABILITY MATRIX

Partnership Leverage

Loan Book Scaling Via Partnership leverage

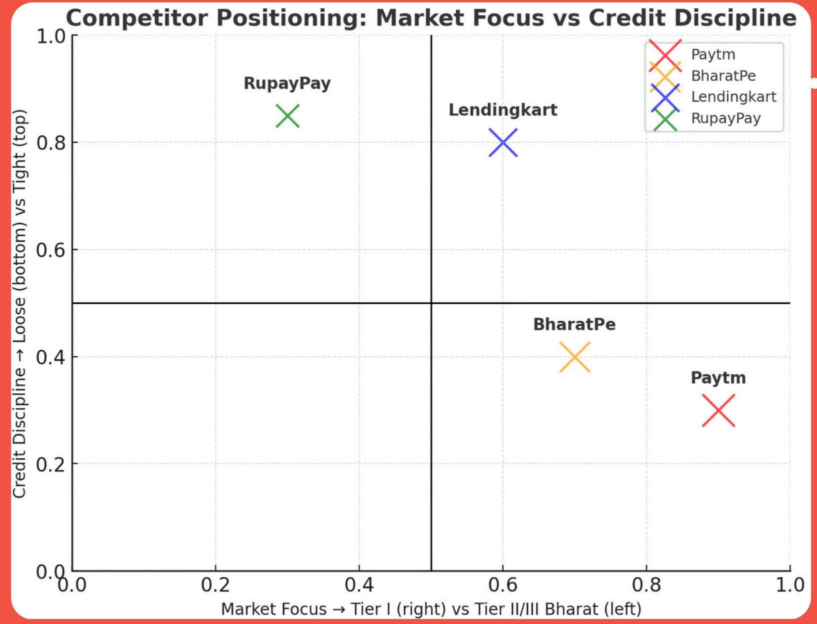


Ecosystem partnerships act as force multipliers, turning a limited balance sheet into scalable lending capacity.*

- "We don't scale alone. With co-lending, our ₹125cr VC raise multiplies into ₹2,400cr loan book firepower. With FMCG and POS ecosystems, we cut CAC by half. Partnerships are our growth engine, not just add-ons."

Ecosystem leverage lets RupayPay punch above its size without burning.

Competitor Benchmarking



- RupayPay clearly sits in the unique top-left quadrant = Bharat SMEs + disciplined credit (2.1% NPAs), unlike Paytm/BharatPe (loose credit, Tier I/II) or Lendingkart (credit focus but more urban).

Tech Moat (ML/AI) → Risk Control

- ML underwriting is already RupayPay's edge (GST + txn data → NPAs 2.1%).

- By dynamically pricing risk, our model creates an additional 1-2% in yield spread compared to static models. At scale, this translates to a ₹20-40 crore annual revenue uplift, proving our ability to monetize data more effectively.

Execution-Plan

(RICE = Reach × Impact × Confidence ÷ Effort.)

#3 MUST WIN BATTLES

1. Fortify the Credit Risk Moat

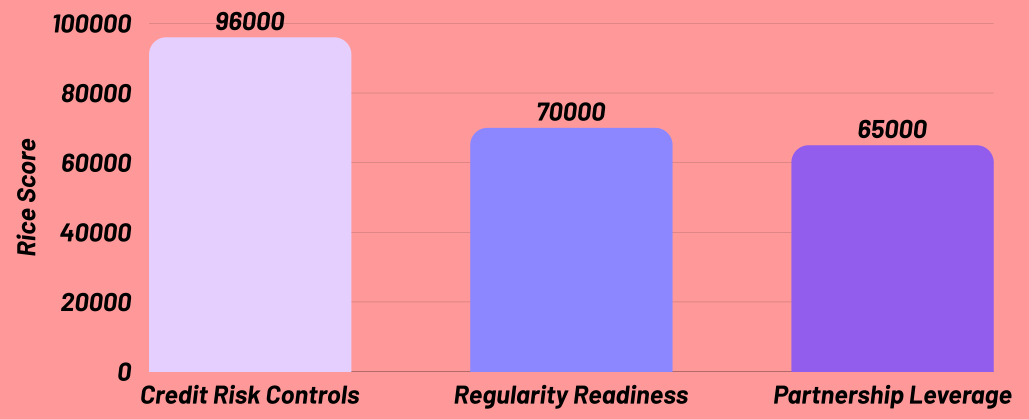
- At our target ₹2,000 Cr loan book, letting our NPA drift from our current 2.1% to the peer average of 5% would destroy ₹58 Cr in annual profit. Every 1% slip costs us ₹20 Cr.
- If Gross NPAs exceed 3% for two consecutive quarters: Immediately freeze lending to the highest-risk customer segments, reallocate capital to the top-performing cohorts, and tighten underwriting criteria (e.g., require a longer transaction history) until NPAs return to the target range.

2.Earn the License to Scale

- An NBFC license is a 12-18 month process that is mandatory for unlocking co-lending and securitization at the scale we need.
- If the NBFC license is delayed beyond 24 months: Pivot the primary business model to a pure Loan Service Provider (LSP) or co-lending partnership model, where RupayPay provides the underwriting technology and distribution but the loans sit on partner balance sheets. This ensures continued revenue growth while the license application is pursued.

3.Multiply Our Firepower Through Partnerships

- Partnerships will allow us to turn our ₹125 Cr Series A raise into a ₹2,400 Cr lending capacity. This approach also slashes our Customer Acquisition Cost (CAC) by an estimated 40-60% compared to the direct ₹3-4k/SME benchmark.
- If key partnerships fail to contribute at least 50% of the projected loan volume: Activate a "Direct-to-Merchant" (D2M) growth strategy, reallocating 20% of the marketing and operations budget to a targeted digital acquisition campaign focused on the most profitable customer profiles identified by the underwriting model.



Immediate Capitalization & Risk Fortification (Year 1: H1)

Secure immediate growth capital and bulletproof our core underwriting advantage.

Build the Regulatory Foundation (Year 1: H2)

Initiate the NBFC licensing process and build the required compliance infrastructure to operate at scale.

Launch Co-Lending & Distribution Pilots (Year 1, Q4 - Year 2, H1)

De-risk our partnership strategy by testing integrations and distribution channels with a select group of partners.

Scale the Core & Automate Operations (Year 2)

Scale the loan book to the limit of our own capital while automating internal processes to maintain lean economics.

Full-Scale Partnership Rollout (Year 2, H2 - Year 3, H1)

Activate our "force multiplier" strategy by leveraging our NBFC license and successful pilots to rapidly scale the loan book.

Diversify Products & Optimize Yield (Year 3)

Solidify our market leadership by expanding our product offerings and using our data advantage to maximize profitability.

The PATH TO MARKET LEADERSHIP

EXECUTION PLAN (for next 3 years)

Immediate Capitalization & Risk Fortification (Year 1: H1)

- Close the ₹125 crore Series A round to capitalize the current loan book and fund initial scaling.
- Deploy v2 of our ML underwriting model, stress-tested for a ₹1,000 Cr loan book, to keep NPAs under 2.5% even during rapid growth.
- Loan Book: Grow modestly to ₹400 Cr.
- Customer Count: Increase to 90,000 SMEs.

Build the Regulatory Foundation (Year 1: H2)

- Appoint a Chief Compliance Officer with NBFC experience.
- Formally submit the NBFC license application to the RBI.
- Invest in compliance technology to meet RBI mandates, targeting >90% automated KYC checks and implementing real-time fraud monitoring systems.
- Loan Book: Scale to ₹600 Cr.
- Customer Count: Reach 110,000 SMEs.
- NPA: Control drift at ~2.4% during initial scaling.
- EBITDA / Burn: Enter the peak investment phase with an EBITDA of ~₹ -25 Cr due to heavy opex on compliance and tech.

Launch Co-Lending & Distribution Pilots (Year 1, Q4 - Year 2, H1)

- Sign pilot co-lending agreements with 2-3 partner banks/NBFCs.
- Launch a pilot distribution program with a regional FMCG or POS partner to validate the low-cost acquisition channel.
- Loan Book: Grow to ₹800 Cr, reaching our initial capital-supported ceiling.
- NPA: Manage at ~2.6% as we test new acquisition channels.
- EBITDA / Burn: Burn remains high at ~₹ -20 Cr as we continue to invest ahead of full-scale growth.

Scale the Core & Automate Operations (Year 2)

- Grow the direct loan book to ₹800 crore, fully utilizing the capacity unlocked by the Series A funding.
- Deploy our ML-driven churn prediction model to increase customer retention from 80% to over 85%.
- Loan Book: Reach ₹1,000 Cr.
- Customer Count: Grow the ecosystem to 200,000 SMEs.
- NPA: Stabilize at ~2.8% with improved data models.
- Revenue: Reach ₹120 Cr annually.
- EBITDA / Burn: Begin to show operating leverage as burn reduces to ~₹ -15 Cr.

Full-Scale Partnership Rollout (Year 2, H2 - Year 3, H1)

- Upon receiving the NBFC license, activate 5+ major co-lending partnerships.
- Scale the total loan book to ₹1,500 crore, with the majority of new growth funded through partners.
- Loan Book: Explosive growth to ₹1,800 Cr, primarily funded by partners.
- NPA: Peak at ~3.0% due to the pace of expansion, which is still well below peer averages.

Diversify Products & Optimize Yield (Year 3)

- Launch new secured loan products for our most credit-worthy customers.
- Achieve our target of a ₹2,000 crore+ loan book while maintaining NPAs below 3%, cementing our position as the most disciplined and profitable fintech in the "Bharat" SME space.
- Loan Book: Exceed ₹2,400 Cr.
- Customer Count: Cross 320,000 SMEs.
- NPA: Improve back towards <2.8% with mature data and new secured products.
- Revenue: Reach ₹250 Cr annually.
- EBITDA / Burn: Return to profitability with a positive EBITDA of +₹15 C

SWOT ANALYSIS

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- Proven Underwriting Moat: Our AI-driven model delivers an industry-leading 2.1% Gross NPA, roughly half the peer average.
- Lean, Capital-Efficient Operations: We generate ₹70 lakh in revenue per employee, a 3-5x advantage over competitors, proving our scalable structure.
- Sustainable Unit Economics: A powerful CLV/CAC ratio of over 8x provides a profitable, self-sustaining engine for future growth.

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- Massive Underserved Market: We are positioned to capture the 60% of Indian MSMEs who are "credit invisible" to traditional banks.
- Capital "Force Multiplier": Co-lending partnerships will allow us to turn ₹125 crore in equity into a ₹2,400 crore lending capacity.

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- Immediate Capital Constraint: Our current loan book is already at 115% of its capital-supported limit, making the Series A raise a critical necessity.
- Operational & Compliance Gaps: The current 74-person team and bootstrapped infrastructure require a significant upgrade to manage the target scale.

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- Intensifying RBI Scrutiny: Increased regulatory oversight on digital lending is the primary external threat that could throttle growth without a proactive compliance upgrade.
- Competitor Cash-Burn: Aggressive, high-burn acquisition strategies from larger competitors could temporarily distort the market and increase customer acquisition costs.
- Macroeconomic Risk: A significant economic downturn poses a systemic threat to MSME health and could elevate NPA levels across the entire sector.

CONCLUSION

RupayPay should accept the ₹125 crore Series A funding as the market realities have made bootstrapping a strategically unviable path to long-term success

While competitors burn cash in the high-risk red ocean of urban markets, RupayPay has proven a superior model: disciplined, profitable growth in the underserved "white space" of Tier II/III India.

Its moat is not a projection but a reality, evidenced by a 2.1% NPA and a >8x CLV/CAC ratio. With a clear execution plan to scale this discipline, RupayPay is not just building a loan book—it's building a durable financial institution for the real Indian economy.

THANK YOU for your time

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